?t s4/9,k/1

4/9,K/1   (Item 1 from file: 148)
DIALOG(R)File 148:Gale Group Trade & Industry DB
(c)2003 The Gale Group. All rts. reserv.

15691965   SUPPLIER NUMBER: 99811526   (THIS IS THE FULL TEXT)
Influence of expert advice on expansion goals of small businesses in rural
  Sweden *. (Global Perspective).
Larsson, Ewa; Hedelin, Lisbeth; Garling, Tommy
Journal of Small Business Management, 41, 2, 205(8)
April, 2003
ISSN: 0047-2778   LANGUAGE: English   RECORD TYPE: Fulltext
WORD COUNT: 3039   LINE COUNT: 00306

TEXT:
        A solution to the problem of rural regions experiencing decreasing
populations and shortage of employment opportunities may be to stimulate
the expansion of existing small businesses. Managers of small businesses
are instrumental in this process. Knowledge of factors that make them
expand their businesses therefore is essential for developing regional
economic-growth policy. Attesting to this, Besser (1999) found that small
business managers' high levels of commitment, leadership, and support for
the community are important.
        We empirically test the hypothesis that adoption of expansion goals by
small business managers is influenced by expert advice. A rural region on
the west coast of Sweden located between two metropolitan areas is
examined. The region, in which small businesses dominate, has a population
of about 12,000 that is declining steadily. Expanding these businesses
would be a way of stimulating economic growth.
        Many factors are likely to determine the success of a small
business, such as available work force, business ideas, capital structure,
potential markets, and infrastructure. However, the influence of such
factors is filtered in general through the managers' perceptions. Such
perceptions are likely to be affected by a host of factors including
cognitive, motivational, and social/psychological. We focus here on the
motivational factor of goal setting. One of the most influential approaches
to understanding human motivation, particularly in work settings, is the
theory of goal setting (Locke and Latham 1990). Yet it may be noted that
other perspectives may be more appropriate to account for striving toward
or maintaining goals that are established already (for instance, Austin and
Vancouver 1996; Carver and Scheier 1998).
        Appropriate goals however are not sufficient, as some degree of
knowledge also is required for successful performance (Locke 2000). We
assume that the higher aspiration level entailed by expansion goals for a
business in combination with adequate knowledge leads to better-
performance measured as profit and turnover rates. Some research supports
this contention. For instance, Baum er al. (2001) found a direct effect of
aspiration levels on later success. In recent years, there has been a surge
of interest in knowledge management within organizations. A widespread
belief exists in the potential for organizations to generate competitive
advantages on the basis of their knowledge assets. Harvey and Denton (1999)
identified several reasons for this, including the greater demands being
placed on businesses by customers and the intensely competitive nature of
global business.
        Locke et al. (1981) report that 99 of 110 studies found that
specific or difficult goals lead to better work performance than medium,
easy, do-your-best, or no goals. In this vein, Frese et al. (2000) found
that the most successful strategy by small businesses is to combine goals
and multidirectional plans, making the manager actively search for
opportunities. Furthermore, Orser et al. (2000) showed that the use of
business plans was correlated highly with firm size and propensity to
increase revenues.
        By expansion goals we mean willingness to enlarge the firm by
finding new markets. Defensive goals, the opposite, are characterized by
satisfaction with status quo. In our survey, respondents were asked to

indicate whether they pursue a number of specified goals assumed to define a continuum from expansion goals to defensive goals. Why do some small business managers adopt expansion goals for their businesses whereas others do not? Although many personal characteristics including aspirations are important, we focus on the role of expert advice. We hypothesize that the choice of an expert adviser is an essential determinant of adopting expansion goals. Harvey and Fischer (1997) found that advice tends to give novice decision-makers an opportunity to share responsibility. Advice also may increase confidence and risk taking. This may apply to all types of advisers, but perhaps only expert advisers are able to motivate managers to pursue expansion goals. Their experience and vision may make them different in this respect from other advisers. Their superior knowledge also makes them more trustworthy. Chrisman (1999) suggested that outsider assistance positively influences the likelihood that entrepreneurs will start a business and that entrepreneurs who draw upon others for knowledge have a startup advantage over entrepreneurs who do not.

We acknowledge that some small business managers may not want to seek expert advice, perhaps since they are satisfied with their business performance. In a cross-sectional study we cannot rule out however the reverse direction of this influence--that is, that managers with expansion goals choose expert advice rather than the reverse. Intervention studies with before-and-after measurements are needed to infer the causal direction. Yet establishing a correlation is at this stage important.

From our survey data we know that advisers include board members, employees, accountants, colleagues, family, and friends. We define as expert advisers those who are board members, accountants, and colleagues. Some managers of small firms are very likely to have many advisers. The number of advisers also may be an important determinant, although we believe that the frequency of contacting expert advisers is the most crucial one. Thus, we categorize managers in two groups: those who seek expert advice and those who do not.

Obviously, different advisers may be sought depending on the type of need for advice. These types of needs are related to investment, finance, staff, product development, marketing, and information and communication technology (ICT). We do not venture to assume that any of these types are more important but examine in turn each with respect to the correlation with expansion goals.

The main aim of the present study is thus to examine if expert advice is related to the degree to which managers of small firms state that they have expansion goals. We also include a measure of turnover rates. Turnover rate is an **indicator** of **performance** or activity of a specific **event** . It is defined as the **business** 's annual total sales revenues. Although not a measure of profit, it reflects the societal value of the business. Our focus relates to the improvement for rural regions from stimulating the growth of small businesses. Higher turnover rates indicate a growing flow of money transactions as well as increased job opportunities.

Method

Respondents and Procedure

The targeted population consisted of 816 firms located in Tanum, Sweden. A questionnaire with a postage-paid return envelope was sent to each firm with a request that the top manager/owner respond. Usable questionnaires were obtained from 223 (27.3 percent) respondents, who were managers of agriculture (89 or 39.9 percent), production (75 or 33.6 percent), or service/culture (59 or 26.5 percent) businesses. Agriculture businesses included farming, foresting, and fishing; production businesses included production of goods, construction, retails, repairs, and rentals; and service/culture businesses included hotels, restaurants, local food cooking, transportation services, health care/social services, painters/actors, financing, and ICT or education. Respondent descriptives are provided in Table 1. Refusals, unreliability of the mail service, ownership of more than one firm, and working abroad during the survey period were reasons for firms dropping out of the sample.

Questionnaire

The questionnaire consisted of several modules. The data analyses are limited to answers to questions concerning goals, advisers in different

decision domains, and social demographics.

Each respondent checked a list of goals with respect to whether or not they pursued these goals. The goals included the following nine (ordered from more to less expansion goals): (1) The firm should grow (growth); (2) The revenue should increase my personal wealth (personal wealth); (3) I hope to be able to hire more staff (employing staff); (4) I want to sell in export markets (exporting); (5) It is sufficient that the firm supports a full-time income (full-time income); (6) I want to work close to home (close to home); (7) I want to sell the firm after retirement (selling after retirement); (8) I want to have more spare time (spare time); and (9) I want to grow vegetables, pick berries, and fish for my own needs (self-housekeeping).

The respondents were asked to indicate from whom they take advice. They could check either none or one or more of the following: board member, accountant, employee, colleague, family member, or friend in each of the decision domains of investment, financing, staff employment, product development, ICT, and marketing.

The social demographic questions included gender, age, education, years of experience, owner/not owner of the firm (1), started/did not start the firm, runs the business full time or part time, number of employees, and business area.

The respondents finally were asked to report the business's turnover rate during the last year. They checked one of six levels: less than SEK100,000; SEK100,001-500,000; SEK500,001- 1,000,000; SEK1,000,001-10,000,000; SEK1O,000,001-50,000,000; and more than SEK5O,000,001 (1 Swedish Krona (SEK) is approximately 0.15 $US).

Results

A measure of expansion goals first was constructed on the basis of the goals that the respondents checked. Reliability analyses using Cronbach's alpha indicated that two of the goals, personal wealth (15.2 percent) and selling after retirement (42.2 percent), should not be retained since their reliability was not acceptable. A mean first was calculated across three of the expansion goals, growth, employing staff, and exporting. The distribution of the scores however was skewed extremely (42.6, 29.6, and 5.8 percent, respectively). Instead, a mean also was calculated across four of the defensive goals, full-time income (43.9 percent), close to home (62.3 percent), spare time (42.6 percent), and self-housekeeping (24.7 percent), so that the difference between the means of the expansion and defensive goals could be used as an index. Cronbach's alpha was 0.43. The majority (65 percent) of the respondents had defensive goals (that is, a negative value).

In a first ordinary least-square (OLS) multiple regression analysis, the dependent variable was the expansion-defensive goal index. Whether or not expert advisers were consulted in the different decision domains was the primary independent variable. Several other variables also were included in order to control for confounding effects. As can be seen in Table 2, 23 percent of the variance in the expansion-defensive goal index was explained. The index was related positively to the frequency of seeking staff and marketing expert advice, respectively. However, there was a negative relationship with seeking financial expert advice. The number of employees also had a positive relationship, while the number of years of experience had a negative relationship.

In a second OLS multiple regression analysis, the dependent variable was the turnover rate scaled from 1 to 6 (less than SEK 100,000; SEK 100,001-500,000; SEK 500,001-1,000,000; SEK 1,000,001-10,000,000; SEK 10,000,001-50,000,000; and more than SEK 50,000,001). The main independent variable was the expansion-defensive goal index. Sixty-three percent of the variance in turnover rate was accounted for. A mediational analysis was performed by including as additional independent variables frequency of expert advice in the different domains. If expansion goals mediate the effect on turnover rates, these variables were expected to be correlated with the dependent variable but to have nonsignificant regression coefficients. Additional independent variables were included to control for confounding. As Table 3 shows, expansion goals were correlated significantly with turnover rates, but the regression coefficient also was significant. All adviser variables furthermore were correlated

significantly with turnover rate, but only one of them, staff adviser, yielded a significant regression coefficient. As in the former analysis, number of employees showed a positive relationship as did that the firm was run full time. The contrast production versus service/culture businesses furthermore was significant. The production businesses had higher turnover rates (M 3.41, SD 1.30) than the service/culture businesses (M = 2.66, SD = 1.24).

Discussion

The empirical results show that seeking expert advice on staff and marketing issues has an independent effect on small business managers' pursue of expansion goals such as growth, employing staff, and exporting their products! services. In addition, both having expansion goals and seeking expert advice influenced reported turnover rates. However, the effect of expert advice on turnover rates appeared to be direct rather than to be mediated by having expansion goals. Although turnover rate is a crude measure of business success, that it was affected by both having expansion goals and expert advice or knowledge is consistent with previous research (Locke 2000).

A drawback in this study appears to be the low reliability of the index of expansion goals. More refined measures (Austin and Vancouver 1996) could be developed. Yet the low reliability was not unexpected since our aim was to develop a measure that represents the multiple goals of small business managers rather than merely including replicates. The fact that the index correlated with the other measures attests that it is satisfactory.

A majority of the managers did not have expansion goals for their businesses. This should not, however, be viewed as a sign of fear to expand. It may be a way of defending values already attained. If the business provides a sufficient income to support the manager/owner and his or her family, why bother to expand? Many of the businesses in the region do not have any nonfamily employees, pertaining in fact to 55.2 percent of the firms in the sample. To the manager/owner, the family serves not only as the group of advisers but also as an integrated part of the daily life of the business.

The results suggest that lack of contacts with outside expert advisers is an obstacle to the expansion of small businesses in the region and consequently to regional economic growth. Does the social environment prevent small firms from expanding and providing others with job opportunities? If so, would the effort of building up local networks among small business managers improve such a situation? Significant psychological factors should be emphasized due to its apparent impact; one avenue to this is the proper understanding of small business managers' goals. Managers may be satisfied with the business they run, although satisfaction with the status quo does not fit into a regional economic-growth policy. However, there also may be cases where lack of incentives and knowledge are reasons why a small business has not expanded. Regional economic-growth policy must identify and may focus on these cases. Such policy may want to facilitate expert advice to motivate the small business managers to change their goals in a more expansive direction.

Table 1

Descriptives for Three Samples of Managers of Small Businesses

	Agriculture (n = 89) (%)		Production (n = 75) (%)		Service/Culture (n = 59) (%)	
Sex (Men)	93.2		81.3		69.5	
Education						
High School	7.0		7.0		2.0	
University	32.6		40.0		54.2	
Runs Firm Full Time	64.0		88.0		81.4	
Started Business	56.2		72.0		86.4	
	M	SD	M	SD	M	SD
Age (Years)	52.5	12.2	47.1	10.1	47.9	10.5

Experience (Years)	34.3	15.3	21.7	12.8	19.4	11.8
Number of Exployees	0.27	0.60	1.08	1.17	0.83	1.00

Table 2

Means, SDs, Simple Correlations (r), Standardized Regression
Coefficients (beta), and t-statistics from Regression Analysis Having
the Index of Expansion Goal as Dependent Variable (n = 223)

	M	SD	R		Beta	t
Expansion Goal		-0.17	0.42			
Staff Adviser	0.19	0.40	.25 ***		0.21	2.94
Product Development Adviser	0.32	0.47	.13 *		0.05	.67
ICT Adviser	0.19	0.40	.11 *		0.05	.69
Marketing Adviser	0.30	0.46	.05		0.18	2.20
Investment Adviser	0.45	0.50	.16 *		0.06	.75
Finance Adviser	0.43	0.50	.09		-0.21	2.60
Agriculture versus Other Business	0.20	1.47	-.27 ***		-0.13	-1.68
Production versus Service/Culture Business	0.07	0.77	.06		0.00	.03
Gender (Men 1, Women 0)		1.17	0.38	-.03		-0.06	-.91
Age (Years)	49.4	11.3	-.07		0.09	1.08
Education (University 1, other 0)	0.41	0.49	.07		-0.03	-.44
Experience (Years)	26.1	15.1	-.23 ***		-0.19	-2.19
Runs Firm Full Time	0.77	0.42	.12 *		0.01	.21
Started Business	0.70	0.46	-.06		-0.05	-.81
Number of Employees	0.69	0.99	.43 ***		0.37	5.26

	P
Expansion Goal	
Staff Adviser	.004
Product Development Adviser	.51
ICT Adviser	.49
Marketing Adviser	.03
Investment Adviser	.48
Finance Adviser	.01
Agriculture versus Other Business	.09
Production versus Service/Culture Business	.98
Gender (Men 1, Women 0)	.36
Age (Years)	.28
Education (University 1, other 0)	.66
Experience (Years)	.03
Runs Firm Full Time	.83
Started Business	.42
Number of Employees	.001

Adj ($R.sup.2$) = .23, $F(15, 222)$ = 5.41, $p < .001$

* p < .05

*** p < .001

Table 3

Means, SDs, Simple Correlations (r), Standardized Regression Coefficients (beta), and t-Statistics from Regression Analysis Having Reported Turnover Rate as Dependent Variable (n = 223)

	M	SD	R		Beta	t
Turnover Rate		2.68	1.33			
Expansion Goal	-0.17	0.42	.43	***	0.11	2.36
Investment Adviser	0.45	0.50	.35	***	0.08	1.38
Finance Adviser	0.43	0.50	.36	***	0.02	.36
Staff Adviser	0.19	0.40	.33	***	0.11	2.12
Prodcut Development Adviser	0.32	0.47	.17	***	-0.01	-.22
ICT Advisor	0.19	0.40	.17	**	-0.02	-.41
Marketing Advisor	0.30	0.46	.18	**	-0.05	-.91
Agriculture versus Other Business	0.20	1.47	-.37	***	-0.10	-1.86
Production versus service/Culture Business	0.07	0.77	.25	***	0.13	3.06
Gender	1.17	0.38	-.13	*	-0.07	-1.52
Age (Years)	49.4	11.33	.16	*	-0.11	-1.98
Education (University 1, Other 0)	0.41	0.49	.12		0.05	1.12
Experience (Years)	26.11	15.12	-.18	**	0.09	1.40
Runs Firm Full Time (1/0)	0.77	0.42	.41	***	0.21	4.66
Started Business (1/0)	0.70	0.46	-.07		-0.04	-.83
Number of Employees	0.69	0.99	.72	***	0.52	10.13

	p
Turnover Rate	
Expansion Goal	.02
Investment Adviser	.17
Finance Adviser	.72
Staff Adviser	.04
Prodcut Development Adviser	.83
ICT Advisor	.68
Marketing Advisor	.36
Agriculture versus Other Business	.06
Production versus service/Culture Business	.003
Gender	.13
Age (Years)	.05
Education (University 1, Other 0)	.26
Experience (Years)	.16
Runs Firm Full Time (1/0)	.001
Started Business (1/0)	.41

Number of Employees   .001

Adj $(R.sup.2)$ = .63, $F(16, 222)$ = 24.28, $p < .001$.

* $p < .05$.

** $p < .01$.

*** $p < .001$.
        (1.) The category owner/not owner was excluded from the data analyses because a majority (92.4 percent) of the respondents were owners.

        References
        Austin, T.J., and J. Vancouver (1996). "Goal Constructs in Psychology: Structure, Process, and Content," Psychological Bulletin 120(3), 338-375.
        Baum, R., E.A. Locke, and K. Smith (2001). "A Multidimensional Model of Venture Growth," Academy of Management Journal 44(2), 292-303.
        Besser, T.L. (1999). "Community Involvement and the Perception of Success among Small Business Operators in Small Towns," Journal of Small Business Management 4(4), 16-29.
        Carver, C.S., and M.F. Scheier (1998). On the Self-Regulation of Behavior. Cambridge: University Press.
        Chrisman, J.J. (1999). "The Influence of Outsider-Generated Knowledge Resources in Venture Creation," Journal of Small Business Management 4(4), 42-58.
        Frese, M., M. van Gelderen, and M. Ombach (2000). "How to Plan as a Small-Scale Business Owner: Psychological Process Characteristics of Action Strategies and Success," Journal of Small Business Management 2(2), 1-18.
        Harvey, C., and J. Denton (1999). "To Come of Age: The Antecedents of Organizational Learning," Journal of Management Studies 36(7), 450-454.
        Harvey, N., and I. Fischer (1997). "Taking Advice: Accepting Help, Improving Judgment, and Sharing Responsibility," Organizational Behavior and Human Decision Processes 70(2), 117-133.
        Locke, E.A. (2000). "Motivation, Cognition, and Action: An Analysis of Studies of Task Goals and Knowledge," Applied Psychology: An International Review 49(3), 408-429.
        Locke, E.A., and G.P. Latham (1990). A Theory of Goal-Setting and Task Performance. Englewood Cliffs, NJ: Prentice-Hall.
        Locke, E.A., K.N. Shaw, L.M. Saari, and G.P. Latham (1981). "Goal Setting and Task Performance: 1969-1980," Pychological Bulletin 90(1), 125-152.
        Orser, B.J., S. Hogart-Scott, and A.L. Riding (2000). "Performance, Firm Size, and Management Problem Solving," Journal of Small Business Management 38(4), 42-58.

...   have expansion goals. We also include a measure of turnover rates. Turnover rate is an **indicator** of **performance** or activity of a specific **event** . It is defined as the **business** 's annual total sales revenues. Although not a measure of profit, it reflects the
?

	Type	Hits	Search Text	DBs	Time Stamp
1	BRS	7	indicator near10 (business near5 event)	USPAT; US-PGPUB; EPO; JPO; DERWENT	2003/12/10 09:28
2	BRS	778535	interface	USPAT; US-PGPUB; EPO; JPO; DERWENT	2003/12/10 09:21
3	BRS	6	(indicator near10 (business near5 event)) and interface	USPAT; US-PGPUB; EPO; JPO; DERWENT	2003/12/10 09:21
4	BRS	2	(performance near5 indicator) near10 (business near5 event)	USPAT; US-PGPUB; EPO; JPO; DERWENT	2003/12/10 09:30
5	BRS	375	workflow near5 manager	USPAT; US-PGPUB; EPO; JPO; DERWENT	2003/12/10 09:34
6	BRS	778535	interface	USPAT; US-PGPUB; EPO; JPO; DERWENT	2003/12/10 09:34
7	BRS	321	(workflow near5 manager) and interface	USPAT; US-PGPUB; EPO; JPO; DERWENT	2003/12/10 09:34
8	BRS	2989	performance near5 indicator	USPAT; US-PGPUB; EPO; JPO; DERWENT	2003/12/10 09:34
9	BRS	8	((workflow near5 manager) and interface) and (performance near5 indicator)	USPAT; US-PGPUB; EPO; JPO; DERWENT	2003/12/10 09:35

	Document ID	Issue Date	Pages	Title	Inventor	Current OR	Current XRef
1	US 20030110070 A1	20030612	34	Method, framework and system for organizing, aligning and managing organizations	De Goeij, Marc Alexander	705/8	709/106
2	US 20020188486 A1	20021212	41	Supply chain management	Gil, Reynaldo et al.	705/7	
3	US 20020038217 A1	20020328	12	System and method for integrated data analysis and management	Young, Alan	705/1	
4	US 6615166 B1	20030902	326	Prioritizing components of a network framework required for implementation of technology	Guheen, Michael F. et al.	703/27	703/26; 709/220; 709/223; 709/231; 709/316; 717/140
5	US 6606744 B1	20030812	285	Providing collaborative installation management in a network-based supply chain environment	Mikurak, Michael G.	717/174	705/26; 717/178
6	US 6536037 B1	20030318	329	Identification of redundancies and omissions among components of a web based architecture	Guheen, Michael F et al.	717/151	703/2; 709/231
7	US 6519571 B1	20030211	325	Dynamic customer profile management	Guheen, Michael F. et al.	705/14	
8	US 6473794 B1	20021029	328	System for establishing plan to test components of web based framework by displaying pictorial representation and conveying indicia coded components of existing network framework	Guheen, Michael F. et al.	709/223	709/224

```
?show files;ds
File  15:ABI/Inform(R) 1971-2003/Dec 09
          (c) 2003 ProQuest Info&Learning
File  16:Gale Group PROMT(R) 1990-2003/Dec 09
          (c) 2003 The Gale Group
File 148:Gale Group Trade & Industry DB 1976-2003/Dec 10
          (c)2003 The Gale Group
File 160:Gale Group PROMT(R) 1972-1989
          (c) 1999 The Gale Group
File 275:Gale Group Computer DB(TM) 1983-2003/Dec 09
          (c) 2003 The Gale Group
File 621:Gale Group New Prod.Annou.(R) 1985-2003/Dec 10
          (c) 2003 The Gale Group
File   9:Business & Industry(R) Jul/1994-2003/Dec 09
          (c) 2003 Resp. DB Svcs.
File  20:Dialog Global Reporter 1997-2003/Dec 10
          (c) 2003 The Dialog Corp.
File 476:Financial Times Fulltext 1982-2003/Dec 10
          (c) 2003 Financial Times Ltd
File 610:Business Wire 1999-2003/Dec 10
          (c) 2003 Business Wire.
File 613:PR Newswire 1999-2003/Dec 10
          (c) 2003 PR Newswire Association Inc
File 624:McGraw-Hill Publications 1985-2003/Dec 09
          (c) 2003 McGraw-Hill Co. Inc
File 634:San Jose Mercury  Jun 1985-2003/Dec 09
          (c) 2003 San Jose Mercury News
File 636:Gale Group Newsletter DB(TM) 1987-2003/Dec 09
          (c) 2003 The Gale Group
File 810:Business Wire 1986-1999/Feb 28
          (c) 1999 Business Wire
File 813:PR Newswire 1987-1999/Apr 30
          (c) 1999 PR Newswire Association Inc
File   2:INSPEC 1969-2003/Nov W5
          (c) 2003 Institution of Electrical Engineers
File  35:Dissertation Abs Online 1861-2003/Oct
          (c) 2003 ProQuest Info&Learning
File  65:Inside Conferences 1993-2003/Dec W1
          (c) 2003 BLDSC all rts. reserv.
File  99:Wilson Appl. Sci & Tech Abs 1983-2003/Oct
          (c) 2003 The HW Wilson Co.
File 233:Internet & Personal Comp. Abs. 1981-2003/Jul
          (c) 2003, EBSCO Pub.
File 256:SoftBase:Reviews,Companies&Prods. 82-2003/Nov
          (c)2003 Info.Sources Inc
File 474:New York Times Abs 1969-2003/Dec 09
          (c) 2003 The New York Times
File 475:Wall Street Journal Abs 1973-2003/Dec 09
          (c) 2003 The New York Times
File 583:Gale Group Globalbase(TM) 1986-2002/Dec 13
          (c) 2002 The Gale Group
```

Set	Items	Description
S1	1	(BUSINESS (5N) EVENT?) (10N) (PERFORMANCE (5N) INDICATOR)
S2	19126	PERFORMANCE (5N) INDICATOR
S3	134898	BUSINESS (5N) EVENT?
S4	1	S1 (S) S2
S5	1791954	INTERFACE
S6	0	S4 AND S5